

## BALANCE SHEET (AUDITED)

Company Name: Shishi Rixiang Marine Foods Co., Ltd.

12/31/2007

Monetary Unit: CNY

ASSETS	LINE NO	AT BEG OF YEAR	AT END OF YEAR	LIABILITIES AND OWNERS' EQUITY	LINE NO	AT BEG OF YEAR	AT END OF YEAR
CURRENT ASSETS	1			CURRENT LIABILITIES	39		
Cash and Cash Equivalents	2	153,998.08	3,144,542.71	Short Term Loans	40		
Short-term Investment	3			Notes Payable	41		
Notes Receivable	4			Accounts Payable	42	444,490.83	124,788.83
Dividends Receivable	5			Advances from Customers	43		
Interest Receivable	6			Accrued Payroll	44	100,772.00	134,966.00
Accounts receivables	7	1,461,101.78	509,794.81	Welfare Payable	45		15,750.00
Other Receivables	8	638,610.00	77,323,195.00	Profit (Dividends) Payable	46		
Accounts Prepaid	9	349,522.50	66,831.50	Taxes Payable	47	46,772.58	267,658.02
Subsidies Receivable	10			Other Payable to Government	48		2,004.43
Inventories	11	6,469,045.92	3,137,989.77	Other Payables	49	37,650.81	100,000.00
Deferred and Prepaid Expense	12			Accrued Expenses	50		
Long-term Debt Investment Due Within One Year	13			Accrued Liabilities	51		
				Long-term Liabilities			
Other Current Assets	14			Due Within One Year	52		
Total Current Assets	15	9,072,278.28	84,182,353.79	Other Current Liabilities	53		
LONG-TERM INVESTMENT	16				54		
Long-term Equity Investment	17			Total Current Liabilities	55	629,686.22	645,167.28
Long-term Debt Investment	18			LONG-TERM LOANS	56		
Total Long-term Investment	19			Long-term Loans	57		
FIXED ASSETS	20			Bonds Payable	58		
Fixed Assets - Cost	21	7,666,411.62	7,813,781.62	Long-term Accounts Payable	59		
Less: Accumulated Depreciation	22	1,270,325.72	1,941,002.35	Special Accounts Payable	60		
Fixed Assets - Net Value	23	6,396,085.90	5,872,779.27	Other Long-term Liabilities	61		
Less: Provision for Impairment of Fixed Assets	24			Total Long-term Liabilities	62		
Fixed Assets - Net Amount	25	6,396,085.90	5,872,779.27	DEFERRED TAXATION	63		
Project Material	26			Deferred Taxation Credit	64		
Construction in Process	27			Total Liabilities	65	629,686.22	645,167.28
Disposal of Fixed Assets	28				66		
Total Fixed Assets	29	6,396,085.90	5,872,779.27	OWNERS' EQUITY	67		
INTANGIBLE ASSETS AND OTHER ASSETS	30			Paid-up Capital	68	8,269,100.00	82,412,100.00
Intangible Assets	31			Less: Returned Investment	69		
Long-term Deferred and Prepaid Expense	32			Paid-up Net Capital Amount	70		
Other Long-term Assets	33			Capital Reserve	71		
TOTAL INTANGIBLE ASSETS AND OTHER ASSETS	34			Surplus Reserve	72		
	35			Including: Public Welfare Fund	73		
DEFERRED TAXATION	36			Undistributed Profit	74	6,569,577.96	6,997,865.78
Deferred Taxation Debit	37			Owners' Equity	75	14,838,677.96	89,409,965.78
Total Assets	38	15,468,364.18	90,055,133.06	Total Liabilities and Owners' Equity	76	15,468,364.18	90,055,133.06

Corporate Representative:

Checked by:

Compiled by:

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**INCOME STATEMENT(AUDITED)****For the year 2007**

Company Name: Shishi Rixiang Marine Foods Co., Ltd.

Monetary Unit: CNY

ITEMS	LINE NO	LAST YEAR CUMULATIVE	CURRENT YEAR CUMULATIVE
Revenue	1	0.00	14,791,740.41
Less: Cost	2	0.00	12,396,672.97
Tax and Additions	3	0.00	9,540,79
Gross Operating Profit (Deficits Marked by "-")	4	0.00	2,385,526,65
Add: Other Income (Deficits Marked by "-")	5	0.00	0.00
Less: Operating Expenses	6	0.00	444,380.70
General and Administrative Expenses	7	0.00	1,196,449.99
Financial Expenses	8	0.00	453,521,59
Operating Profit (Deficits Marked by "-")	9	0.00	291,174.37
Add: Investment Income	10	0.00	0.00
Subsidies Income	11	0.00	250,000.00
Non-operating Income	12	0.00	0.00
Less : Non-operating Expenses	13	0.00	1,145,62
TOTAL PROFIT (Deficits Marked by "-")	14	0.00	540,028.75
Less : Income Tax	15	0.00	111,740.93
NET PROFIT (Deficits Marked by "-")	16	0.00	428,287.82

Corporate Representative:

Checked by:

Compiled by:

**CASH FLOW STATEMENT**  
For the year 2007

Prepared by: Shishi Rixiang Marine Foods Co., Ltd.

Unit: CNY

ITEMS	LINE NO	AMOUNT	ITEMS	LINE NO	AMOUNT
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	1		Supplementary Information	35	
Cash receipts from the sale of goods and the rendering of services	2	15,743,047.38			
Cash receipts of tax refunds	3	250,000.00	<b>RECONCILIATION OF NET PROFIT TO CASH FLOWS FROM OPERATING ACTIVITIES</b>	36	
Cash receipts relating to other operating activities	4		Net profit	37	361,819.26
<b>Subtotal of cash inflows</b>	5	15,993,047.38	Add : Provision for impairment losses of assets	38	
Cash payments for goods acquired and services received	6	7,783,844.82	Depreciation of fixed assets	39	670,676.63
Cash payments to and on behalf of employees	7	1,823,640.49	Amortisation of intangible assets	40	-
Cash payments of all types of taxes	8	907,681.02	Amortisation of long-term prepaid expenses	41	-
Cash payments relating to other operating activities	9	76,482,966.42	Decreases in prepaid expenses (or deduct: increase)	42	-
<b>Subtotal of cash outflows</b>	10	86,998,132.75	Increase in accrued expenses (or deduct: decrease)	43	-
<b>Net cash flow from operating activities</b>	11	-71,005,085.37	Losses on disposal of fixed assets, intang assets and other I-t assets (or deduct: gains)	44	
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	12		Losses on scrapping of fixed assets	45	
Cash receipts from return of investments	13		Financial expenses	46	
Cash receipts from return on investments	14	-	Losses arising from investments (or deduct: gains)	47	-
Net cash receipts from sale of fixed assets, intangible assets and other I-t assets	15		Deferred tax credit (or deduct: debit)	48	
Cash receipts relating to other investing activities	16		Decrease in inventories (or deduct: increase)	49	3,331,056.15
<b>Subtotal of cash inflows</b>	17	-	Decrease in operating receivables (or deduct: increase)	50	-75,664,805.04
Cash payments to acquire fixed assets, intangible assets and other long-term assets	18	147,370.00	Increase in operating payables (or deduct: decrease)	51	296,167.63
Cash payments to acquire investments	19	-	Others	52	
Cash payments relating to other investing activities	20		Net cash flows from operating activities	53	-71,005,085.37
<b>Subtotal of cash outflows</b>	21	147,370.00			
<b>Net Cash flow from investment activities</b>	22	-147,370.00	<b>INVESTING + FINANCING ACTIVITIES THAT DO NOT INVOLVING CASH RECEIPTS /</b>	54	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	23		Conversion of debt into capital	55	
Cash proceeds from investments by others	24	74,143,000.00	Reclassify convertible bonds to be expired within one year as current liability	56	
Cash receipts from borrowings	25		Fixed assets financed by finance leases	57	
Cash receipts relating to other financing activities	26		Others	58	
<b>Subtotal of cash inflows</b>	27	74,143,000.00			
Cash repayments of amounts borrowed	28		<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	59	
Cash payments for distrib of dividends or profits or cash payment of interest expenses	29		Cash at the end of the period	60	3,144,542.71
Cash payments relating to other financing activities	30		Less: cash at the beginning of the period	61	153,998.08
<b>Subtotal of cash outflows</b>	31		Plus: cash equivalents at the end of the period	62	
<b>Net Cash flow from financing activities</b>	32	74,143,000.00	Less: cash equivalents at the beginning of the period	63	
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH</b>	33				
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	34	2,990,544.63	Net increase in cash and cash equivalents	64	2,990,544.63

Company Leader:

Financial administrator:

Compiled by:

**BALANCE SHEET**  
12/31/2008

Prepared by: Shishi Rixiang Marine Foods Co., Ltd.

Monetary Unit: CN'

ASSETS	LINE NO	AT BEG OF YEAR	AT END OF YEAR	LIABILITIES AND OWNERS' EQUITY	LINE NO	AT BEG OF YEAR	AT END OF YEAR
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
Cash and Cash Equivalents	1	3,144,542.71	33,553,469.48	Short-term Loans	46		
Short-term Investment	2			Notes Payable	47		
Notes Receivable	3			Accounts Payable	48	124,788.83	2,775,510.26
Accounts Receivable	4	509,794.81	4,149,326.48	Advances from Customers	49		879,737.95
Less : Provision for bad debts	5			Other Payables	50	100,000.00	6,234,178.49
Accounts Receivable-Net Amount	6	509,794.81	4,149,326.48	Accrued Payroll	51	134,966.00	771,080.00
Accounts Prepaid	7	66,831.50	744,767.34	Welfare Payable	52	15,750.00	99,800.00
Export Rebates Receivable	8			Unpaid Tax	53	267,658.02	264,927.71
Subsidies Receivable	9			Unpaid Profits	54		
Other Receivables	10	77,323,195.00	52,440,000.00	Other Unpaid Payments	55	2,004.43	1,345.60
Inventories	11	3,137,989.77	6,088,331.76	Accrued Expenses	56		
Other Business Expense to be Transferred	12			Year	57		
Deferred and Prepaid Expense	13			Other Current Liabilities	58		
Net Loss of Current Assets to Be Settled	14			Total Current Liabilities	65	645,167.28	11,026,580.01
Long-term Debt Investment Due Within One Year	15			<b>LONG-TERM LIABILITIES</b>			
Other Current Assets	16			Long-term Loans	66		
Total Current Assets	20	84,182,353.79	96,975,895.06	Bonds Payable	67		
<b>LONG-TERM INVESTMENT</b>				Long-term Accounts Payable	68		
Long-term Investment	21			Other Long-term Liabilities	69		
<b>FIXED ASSETS</b>				Including: Housing Fund	70		
Fixed Assets Cost	24	7,813,781.62	10,525,679.52	Total Long-term Liabilities	76	0.00	0.00
Less: Accumulated Depreciation	25	1,941,002.35	2,734,782.03	<b>DEFERRED TAXATION</b>			
Fixed Assets - Net Value	26	5,872,779.27	7,790,897.49	Deferred Taxation Credit	77		
Disposal of Fixed Assets	27			Total Liabilities	79	645,167.28	11,026,580.01
Construction in Process	28			<b>OWNERS' EQUITY</b>			
Net Loss of Fixed Assets to Be Settled	29			Paid-up Capital	81	82,412,100.00	82,412,100.00
Total Fixed Assets	35	5,872,779.27	7,790,897.49	Capital Reserve	82		
<b>INTANGIBLE ASSETS AND DEFERRED ASSETS</b>				Surplus Reserve	83		
Intangible Assets	36			Reserve Funds	84		
Long-term Deferred and Prepaid Expense	37			Undistributed Profit	85	6,997,865.78	11,328,112.54
Total Intangible Assets and Deferred Assets	40	0.00	0.00				
<b>OTHER LONG-TERM ASSETS</b>							
Other Long-term Assets	41						
<b>DEFERRED TAXATION</b>							
Deferred Taxation Debit	42			Total Owners'Equity	88	89,409,965.78	93,740,212.54
Total Assets	45	90,055,133.06	104,766,792.55	Total Liabilities & Owners' Equity	90	90,055,133.06	104,766,792.55

**STATEMENT OF INCOME AND PROFIT**  
**For the year 2008**

Prepared by: Shishi Rixiang Marine Foods Co., Ltd.

Monetary Unit: CNY

ITEMS	LINE NO	CURRENT YEAR CUMULATIVE
Revenue	1	49,384,842.21
Less: Sales Discount & Allowance	2	
Net Main Operations Income	3	49,384,842.21
Less: Cost	4	39,724,697.94
Operating Expenses	5	1,655,226.93
Tax and Additions	6	18,401.40
GROSS PROFIT	7	7,986,515.94
Add: Income From Purchase and Sales Commission	8	
GROSS PROFIT	9	7,986,515.94
Add: Other Operations Income	10	
Less: General and Administrative Expenses	11	3,813,852.68
Financial Expenses	12	-741,318.83
Foreign exchange Loss	13	
OPERATING PROFIT	14	4,913,982.09
Add : Investment Income	15	
Subsidies Income	16	75,000.00
Non-operating Income	17	
less: Non-operating Expenses	18	40,128.65
Add: Profit and Loss Adjustment of Former Years	19	
TOTAL PROFIT	20	4,948,853.44
Less : Income Tax	21	618,606.68
NET PROFIT	22	4,330,246.76
Add: Undistributed Profits at End of Year	23	6,997,865.78
Recovered Losses	24	
	25	
DISTRIBUTABLE PROFIT	26	11,328,112.54
Less: Appropriation of Statutory Surplus Reserve	27	
Appropriation of statutory public welfare fund	28	
Profit Payable	29	
	30	
Undistributed Profit by the End of year	31	11,328,112.54

**CASH FLOW STATEMENT**

**For the year 2008**

Prepared by: Shishi Rixiang Marine Foods Co., Ltd.

Unit: CNY

ITEMS	LINE NO	AMOUNT	ITEMS	LINE NO	AMOUNT
CASH FLOW FROM OPERATING ACTIVITIES	1		Supplementary Information	35	
Cash receipts from the sale of goods and the rendering of services	2	46,625,048.49	RECONCILIATION OF NET PROFIT TO CASH FLOWS FROM OPERATING ACTIVITIES	36	
Cash receipts of tax refunds	3		Net profit	37	4,330,246.76
Cash receipts relating to other operating activities	4	34,971,019.08	Add : Provision for impairment losses of assets	38	
Subtotal of cash inflows	5	81,596,067.57	Depreciation of fixed assets	39	793,779.68
Cash payments for goods acquired and services received	6	40,702,254.34	Amortisation of intangible assets	40	-
Cash payments to and on behalf of employees	7	7,874,569.00	Amortisation of long-term prepaid expenses	41	-
Cash payments of all types of taxes	8	639,738.39		42	
Cash payments relating to other operating activities	9			43	
Subtotal of cash outflows	10	49,216,561.73	Decreases in prepaid expenses (or deduct: increase)	44	-
Net cash flow from operating activities	11	32,379,505.84	Increase in accrued expenses (or deduct: decrease)	45	-
CASH FLOW FROM INVESTMENT ACTIVITIES	12		Losses on disposal of fixed assets, intangible assets and other long-term assets (or deduct: gains)	46	
Cash receipts from return of investments	13		Losses on scrapping of fixed assets	47	
Cash receipts from return on investments	14		Financial expenses	48	-741,318.83
Net cash receipts from sale of fixed assets, intang assets and other L-T assets	15		Losses arising from investments (or deduct: gains)	49	
Cash receipts relating to other investing activities	16		Deferred tax credit (or deduct: debit)	50	
Subtotal of cash inflows	17	0.00	Decrease in inventories (or deduct: increase)	51	-2,950,341.99
Cash payments to acquire fixed assets, intang assets and other L-T assets	18	2,711,897.90	Decrease in operating receivables (or deduct: increase)	52	20,565,727.49
Cash payments to acquire investments	19		Increase in operating payables (or deduct: decrease)	53	10,381,412.73
Cash payments relating to other investing activities	20		Others	54	
Subtotal of cash outflows	21	2,711,897.90	Net cash flows from operating activities	55	32,379,505.84
Net Cash flow from investment activities	22	-2,711,897.90	INVESTING & FINANCING ACTIVITIES THAT DON'T INVOLVE CASH RECEIPTS / PAYMENTS	56	
CASH FLOW FROM FINANCING ACTIVITIES	23		Conversion of debt into capital	57	
Cash proceeds from investments by others	24	0.00	Reclassify convertible bonds to be expired within one year as current liability	58	
Cash receipts from borrowings	25	0.00	Fixed assets financed by finance leases	59	
Cash receipts relating to other financing activities	26			60	
Subtotal of cash inflows	27	0.00		60	
Cash repayments of amounts borrowed	28	0.00		61	
Cash payments for distrib of dividends or profits or cash payment of interest exp	29			62	
Cash payments relating to other financing activities	30	-741,318.83	NET INCREASE IN CASH AND CASH EQUIVALENTS	63	
Subtotal of cash outflows	31	0.00	Cash at the end of the period	64	33,553,469.48
Net Cash flow from financing activities	32	-741,318.83	Less: cash at the beginning of the period	65	3,144,542.71
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	33	741,318.83	Plus: cash equivalents at the end of the period	66	
NET INCREASE IN CASH AND CASH EQUIVALENTS	34		Less: cash equivalents at the beginning of the period	67	
		30,408,926.77	Net increase in cash and cash equivalents	68	30,408,926.77

Company Leader:

Financial administrator:

Compiled by: